THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) Yes, Sir. The packets of heroin, seized, bore Pakistani markings. The arrested persons include 2 Pakistani Nationals.

(b) Drug smuggling is a clandestine activity. To check and prevent drug trafficking, Indian authorities have taken up the matter with Pakistani Anti Narcotics Agencies in the border meeting of BSF and Pak Rangers held on 18th January, 2000. The Government has also apprised international organisations like the SAARC Drug Monitoring Desk, United Nations International Drug Control Programme, United Nations Commission on Narcotic Drugs and Interpol of the matter.

Study by Prime Database on stock markets boom

2034. SHRI DIPANKAR MUKHERJEE:
SHRI NILOTPAL BASU:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news report captioned "Track Your Money—AN EXPRESS SERIES" which appeared in Indian Express dated 20th January, 2000;

(b) whether a study done by Prime Database has shown that during the stock market boom of the 90s, most of the investments either turned sick or promoters simply vanished into thin air;

(c) whether Government have investigated the matter;

(d) if so, the details thereof;

(e) if not, the reasons therefor; and

(f) the specific action plan of Government to protect small investors' money in such companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) to (d) The Securities and Exchange Board of India (SEBI), the market regulator had conducted a study on the post issue existence status of the companies that came out with IPOs from 1992—98. SEBI has so far identified 129 companies as "vanishing' companies. Action against several companies which have defaulted in their commitments made to the public while mobilizing funds, has been taken by the regulatory agencies, namely,

SEBI, Department of Company Affairs (DCA) and the Reserve Bank of India (RBI).

(e) Does not arise.

(f) SEBI has issued orders to 51 companies and 142 promoters / directors of these companies, prohibiting them from associating with any capital market activity for a period of 5 years. In the primary market, for initial public offer, SEBI has introduced requirements of a track record of distributable profits for at least three years out of the immediately preceeding five years and a pre-issue net worth of Rs. one crore in three out of the preceeding five years. SEBI's regulations for collective investment schemes have been recently notified. In the secondary market, SEBI has advised all stock exchanges to set up Trade Guarantee / Settlement Guarantee Funds. Other measures by SEBI include a margining system, implementation of circuit filters, gross exposure limits for stock brokers linked with capital adequacy and dematerialisation of securities.

DCA has launched prosecution against 63 companies under the Companies Act, 1956. A Bill has been introduced proposing an amendment in the Companies Act, providing *inter alia*, that every company which accepts deposits from small investors shall intimate to the Company Law Board any default made by it in repayment of such deposits; to hold directors of the company responsible for any contraventions of the provisions of the Act, and to provide that the small shareholders will have a right to elect at least one director in public companies. This Bill is currently before Parliament.

RBI which regulates Non-Banking Finance Companies (NBFCs) has launched prosecution proceedings against 24 NBFCs and has filed police complaints against another 10 companies. The Reserve Bank of India Act has been amended providing for compulsory registration and prudential financial norms for NBFCs.

Objectives of BIFR

2035. MISS SAROJ KHAPARDE: Will the Minister of FINANCE be pleased to state:

(a) the objectives of creation of BIFR;

(b) how far these objectives have been fulfilled so far; and

(c) if not, the steps taken by Government to make BIFR more effective?